
MCS Services Ltd

ACN 119 641 986

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at the offices of Stantons International, Level 2, 1 Walker Avenue, West Perth, Western Australia on Friday 10 December 2021 commencing at 10:00 am (WST)

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 (0)438 885 055

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of MCS Services Limited (**Company**) will be held at the offices of Stantons International, Level 2, 1 Walker Avenue, West Perth, Western Australia on Friday 10 December 2021 commencing at 10:00 am (WST)

The Explanatory Memorandum provides additional information on the matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 8 December 2021 at 5.00 pm (WST).

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

Agenda

Financial Report

To receive and consider the Annual Financial Report of the Company and its controlled entities, the Directors' Report and the Auditors' Report for the year ended 30 June 2021.

Resolution 1 – Adoption of the Remuneration Report

To consider, and if thought fit, to pass the following as a **non-binding resolution**:

“That, in accordance with section 250R(2) of the Corporations Act, the Remuneration Report for the financial year ended 30 June 2021 be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum.”

Voting Prohibition: A vote on this Resolution must not be cast (in any capacity) by or on behalf of:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person is appointed as proxy by writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

Note: This Resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-Election of Director – Mr Bob Kucera

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Article 38.1(c) of the Constitution and for all other purposes, Mr Bob Kucera, being a director of the Company, retires by rotation, and being eligible, is re-elected as a director of the Company.”

Resolution 3 – Approval of Additional 10% Placement Capacity

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum”

Voting Exclusion Statement: In accordance with Listing Rule 14.11.1, the Company will disregard votes cast in favour of Resolution 3 from:

- a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Equity Securities in the Company); and
- an Associate of that person or those persons. the Proxy decides.

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy
 - or attorney to vote on the Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 9 November 2021

By order of the Board



Jonathan Asquith

Company Secretary

Important Notes

Proxies

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

Proxy Forms as attached to this Notice have been mailed to all shareholders. They are to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

An appointment of a proxy or power of attorney is not effective for the Annual General Meeting unless and until the Company receives:

- (a) in the case of a proxy, the Proxy Form and, if it is executed by an attorney, the relevant power of attorney or a certified copy of it; and
- (b) in the case of an attorney, the power of attorney or a certified copy of it.

Proxy Forms must be received by the Company no later than 10:00 am (WST) on 8 December 2021, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Nominating the Chairman as proxy

The Chairman (or the chair of the meeting) intends to vote all undirected proxies in favour of Resolutions 1 to 3.

Corporate representatives

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company before the Meeting.

Enquiries

Shareholders are asked to contact the Company by telephone on +61 (0)438 885 055 if they have any queries in respect of the matters set out in these documents.

MCS Services Limited

ACN 119 641 986

EXPLANATORY MEMORANDUM

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of Stantons International, Level 2, 1 Walker Avenue, West Perth, Western Australia 6005 on Friday 10 December 2021 commencing at 11:00 am (WST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

A Proxy Form is located at the end of this Explanatory Memorandum.

Annual Financial Report

The Corporations Act requires the Annual Financial Report, the Directors' Report, and the Auditor's Report ("Annual Report") to be received and considered at the Meeting. The Corporations Act does not require Shareholders to vote on the Annual Report. However Shareholders attending the Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the financial statements and reports contained within the Annual Report which can be downloaded from the ASX website at www.asx.com.au (ASX:MSG).

The Company's auditor will be present at the Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the Auditor's Report, the Company's accounting policies, and the independence of the auditor.

Resolution 1 – Adoption of the Remuneration Report

The Directors' Report for the year ended 30 June 2021 contains a Remuneration Report which sets out:

- the Board's policy for the remuneration of Directors and executive officers; and
- the remuneration details of each Director and each executive officer named in the Remuneration Report.

In accordance with section 250R of the Corporations Act, the Company submits its Remuneration Report for the year ended 30 June 2021 to Shareholders for consideration and adoption by way of a non-binding resolution.

The Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors or the Company, nor does it affect the remuneration paid or payable to the Company's Directors or executives. However, the Board will take the outcome of the Resolution into account when considering future remuneration policy.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, a resolution ("spill resolution") must be put to Shareholders at the second of those meetings to determine whether the Directors who were in office at the date of approval of the applicable directors' report must stand for re-election.

If the spill resolution is passed by the requisite majority (being an ordinary resolution), then the Company must convene a general meeting of Shareholders (a “spill meeting”) within 90 days of the second annual general meeting, at which all of those Directors will cease to hold office but may offer themselves for re-election. This is being referred to as the ‘2 strikes rule’.

At the Company’s 2020 AGM, less than 25% of the votes cast on the resolution to adopt the Company’s 2020 remuneration report voted against its adoption. As such, regardless of the voting on Resolution 1, a spill resolution is not required to be considered at the 2021 AGM.

The Chairman of the Meeting will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

Resolutions 2 – Re-Election of Director

Background

Article 38.1(c) of the Constitution requires that one third of all directors, or if their number is not a multiple of three, then the greater of one or the number nearest but not exceeding one-third, to retire at each annual general meeting.

Article 38.8 of the Constitution states that a retiring director is eligible for re-election.

Resolution 2 provides that Mr Bob Kucera retires by rotation and seeks re-election as a director.

Details of the qualifications and experience of Mr Bob Kucera are in the Annual Report.

Resolution 2 is an ordinary resolution.

The Board (excluding Bob Kucera) intends to instruct the Chairman of the meeting to exercise all available proxies in favour of Resolution 2.

The Board (excluding Bob Kucera) supports the re-election of Mr Bob Kucera and recommends that shareholders vote in favour of Resolution 2.

Resolution 3 – Approval of Additional 10% Placement Capacity

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval by special resolution at its annual general meeting to issue Equity Securities up to 10% of its issued share capital over a period of up to 12 months after the annual general meeting, in addition to those under the 15% annual placement capacity (**10% Placement Capacity**). An **Eligible Entity** is one that, as at the date of the relevant annual general meeting:

- is not included in the S&P/ASX 300 Index; and
- has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

As at the date of the Notice of Meeting, the Company is an Eligible Entity. If at the date of the Meeting the Company ceases to be an Eligible Entity, the Company will withdraw this Resolution.

If passed, the effect of this Resolution will be to allow the Company to issue Equity Securities up to 10% of the Company’s fully paid ordinary securities on issue during the period up to 12 months after the

meeting, without further shareholder approval and without those securities being included in the calculation of the Company's 15% annual placement capacity granted under Listing Rule 7.1. If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of Equity Securities on issue, being fully paid ordinary shares. The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$(A \times D) - E$

Where:

- A =** the number of Shares on issue at the commencement of the Relevant Period ,
- plus the number of Shares issued in the Relevant Period under an exception in ASX Listing Rule 7.2 other than exceptions 9, 16, or 17;
 - plus the number of Shares issued in the Relevant Period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
 - plus the number of Shares issued in the Relevant Period under an agreement to issue securities within rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the Relevant Period;
 - the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4
 - plus the number of partly paid Shares that became fully paid in the Relevant Period;
 - plus the number of any other Shares issued in the Relevant Period with approval of holders of Shares under ASX Listing Rule 7.1 or 7.4; and
 - less the number of Shares cancelled in the Relevant Period.
- D =** 10%
- E =** the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by the holders of its Shares under ASX Listing Rules 7.4.

Information Required under ASX Listing Rule 7.3A

In accordance with ASX Listing Rule 7.3A, the information below is provided in relation to Resolution 3:

(a) Issue Period

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of this Annual General Meeting at which approval is obtained and expiring on the first to occur of the following:

- (i) 12 months after the date of this Annual General Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the date of approval by shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) or such longer period if allowed by ASX.

(b) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed (**Agreed Issue Date**); or
- (ii) if the Equity Securities are not issued within 10 ASX Trading Days of the Agreed Issue Date, the date on which the Equity Securities are issued.

(c) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for various purposes including to raise cash as consideration for marketing and client acquisition, market access, business development and general working capital.

As at the date of this Notice, the Company has not formed an intention to offer any equity securities under Listing Rule 7.1A during the issue period.

(d) Risk of dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the voting interests and may dilute the economic interests of shareholders who do not receive Equity Securities under the issue. There is also a risk that:

- (i) the market price for the Equity Securities may be significantly lower on the issue date than on the date Resolution 8 is approved; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the closing market price of Shares as at 5 November 2021 (**Current Share Price**) and the current

number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- example of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2	Dilution	50% decrease in issue price	Issue Price	100% increase in issue price
		\$0.035	\$0.070 (Note 2)	\$0.140
Current Variable "A" 187,544,557 Shares (Note 1)	10%	18,627,456	18,627,456	18,627,456
	Funds raised	\$651,961	\$1,303,922	\$2,607,844
50% increase in Current Variable "A" 279,411,835 Shares	10%	27,941,184	27,941,184	27,941,184
	Funds raised	\$977,941	\$1,955,883	\$3,911,766
100% increase in Current Variable "A" 372,549,114 Shares	10%	37,508,912	37,508,912	37,508,912
	Funds raised	\$1,312,812	\$2,625,624	\$5,251,248

Notes:

1. Based on the total number of fully paid ordinary Shares on issue as at 5 November 2021.
2. Based on the closing price of the Company's Shares on ASX as at 5 November 2021.
3. The table assumes that the Company issues the maximum number of ordinary Shares available to be issued under Listing Rule 7.1A.
4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of issues of equity securities under Listing Rule 7.1A based on that Shareholder's holding at the date of this Explanatory Statement.
5. The table shows the effect of an issue of equity securities under Listing Rule 7.1A only, not under the Company's 15% placement capacity under Listing Rule 7.1.

(e) Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from legal, corporate, financial and broking advisers (if applicable).

(f) Previous Approval under ASX Listing Rule 7.1A

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

Special Resolution

This Resolution is a special resolution. Accordingly, at least 75% of votes cast by shareholders present and eligible to vote at the meeting must be in favour of the Resolution for it to be passed.

Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 3.

Voting Exclusion

A voting exclusion statement is included in this notice. As at the date of this notice of meeting, the Company has not invited any existing Member to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing shareholders will be excluded from voting on this Resolution.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by 10.00am (WST) on Friday, 10 December 2021, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.



